



Stat^e of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 telephone

(801) 359-3940 fax

(801) 538-7223 TTY

www.nr.utah.gov

Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

April 15, 2003

Kimball R. Rasmussen
President and CEO
Deseret Generation and Transmission
12500 East 25500 South
Vernal, Utah 84078

Re: Formal Approval of Notice of Intention to Commence Large Mining Operations and Form and Amount of Reclamation Surety, Deseret Generation and Transmission, Diamond Mountain Limestone Mine, M/047/066, Uintah County, Utah

Dear Mr. Rasmussen:

On April 10, 2003, the Director of the Division of Oil, Gas and Mining formally approved the form and amount of reclamation surety for Deseret Generation and Transmission's Diamond Mountain Limestone mine. The reclamation surety in the amount of \$275,000 is in the form of a Letter of Credit #ZSB800303, issued by Zions Bank (original LOC was \$190,000, amended to \$275,000). ***The Division hereby grants its final approval of your large mining notice of intention and the reclamation surety for the Diamond Mountain Limestone Mine.*** You may now begin mining operations as outlined in your large mining notice of intention. Please be advised that you must also acquire formal approval from the United States Forest Service before beginning mining operations on federally managed land.

Enclosed please find copies of the fully signed and executed Reclamation Contract and Letter of Credit, with amendment, forms for your files. We have also enclosed the original "Transitional Reclamation Contract" received November 29, 2001, until the Large Mining Notice was approved.

We have enclosed a copy of the "approved" Notice of Intention to Commence Large Mining Operations for your files. If, in the future, you wish to modify your mining and reclamation plan, please furnish a redlined and strikeout version of the page(s) you wish to change. When the changes reach final approval, a clean version of the pages will need to be submitted to be incorporated into the approved plan..

Page 2
Kimball R. Rasmussen
M/047/066
April 15, 2003

Thank you for your help and patience in finalizing this permitting action. Please call me if you have any questions in this regard.

Sincerely,

A handwritten signature in cursive script that reads "D. Wayne Hedberg".

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb
Enclosure: #1 – Copy of Reclamation Contract & LOC w/amendment
 #2 – Original "Transitional Reclamation Contract"
 #3 – Approved Notice of Intention
cc: Chauncie Todd, USFS w/Encl #1
O:\M047-Uintah\M0470066-DG&T\final\LMO-approval-ltr.doc

FORM MR-RC
Revised January 30, 2003
RECLAMATION CONTRACT

File Number M/047/066
Effective Date April 10, 2003
Other Agency File Number 45F5

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECEIVED

APR - 2 2003

DIV. OF OIL, GAS & MINING

RECLAMATION CONTRACT
---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

M/047/066Limestone

"MINE LOCATION":
(Name of Mine)
(Description)

Deseret Generation & Transmission
Diamond Mountain Resources Limestone Mine
20 miles N of Vernal on Hwy 44/191 to
Forest Road 048. 2 miles on FR048 to
Mine Access Road. 1.5 miles on Access
Road to Pit.

"DISTURBED AREA":
(Disturbed Acres)
(Legal Description)

27.28 acres
(refer to Attachment "A")

"OPERATOR":
(Company or Name)
(Address)

Deseret Generation & Transmission
12500 East 25500 South
Vernal, UT 84078

(Phone)

(435) 781-5702

"OPERATOR'S REGISTERED AGENT":

Name)

(Address)

(Phone)

David F. Crabtree

10714 S. Jordan Gateway, Suite 300

South Jordan, UT 84095

"OPERATOR'S OFFICER(S)":

See attached

SURETY":

(Form of Surety - Attachment B)

Letter of Credit

"SURETY COMPANY":

(Name, Policy or Acct. No.)

Zions Bank

"SURETY AMOUNT":

(Escalated Dollars)

\$275,000

"ESCALATION YEAR":

2008

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Deseret Generation & Transmission the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/047/066 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the approved Notice of Intention and Reclamation Plan received January 6, 2003. The Notice of Intention and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Deseret Generation & Transmission

Operator Name

By Kimball R. Rasmussen

Authorized Officer (Typed or Printed)

President and CEO

Authorized Officer - Position


Officer's Signature


4/2/03
Date

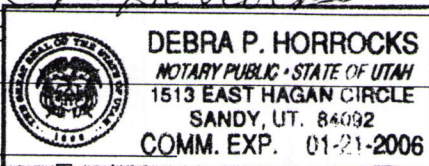
STATE OF Utah)

) ss:

COUNTY OF Salt Lake)

On the 2nd day of April, 20 03, Kimball R. Rasmussen personally appeared before me, who being by me duly sworn did say that he/she is the President and CEO of Deseret Generation & Transmission and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said Kimball R. Rasmussen duly acknowledged to me that said company executed the same.


Notary Public
Residing at _____



My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton
Lowell P. Braxton, Director

4/10/03
Date

STATE OF UTAH)
) ss:
COUNTY OF SALT LAKE)

On the 10th day of April, 2003, Lowell P. Braxton
personally appeared before me, who being duly sworn did say that he, the said
Lowell P. Braxton is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he duly acknowledged to me that
he executed the foregoing document by authority of law on behalf of the State of Utah.



Diane Holland
Notary Public
Residing at: Salt Lake City, Utah

5/1/2006
My Commission Expires:

OPERATOR'S OFFICERS

Kimball R. Rasmussen
President and CEO

Soren K. Sorensen
Senior Vice President and CFO

David F. Crabtree
Vice President and General Counsel

Curtis K. Winterfeld
Vice President/Marketing

J. Edward Thatcher
Vice President/Chief Engineer

Debra Horrocks
Assistant Secretary

ATTACHMENT "A"

Deseret Generation & Transmission
Operator

Diamond Mountain Resources Limestone Mine
Mine Name

M/047/066
Permit Number

Uintah County, Utah

LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands to be disturbed includes portions of the following lands not to exceed 27.28 acres under the approved permit and surety, as reflected on the attached map labeled Map 8 Limestone Mine Map Surface Facilities and dated 3/03:

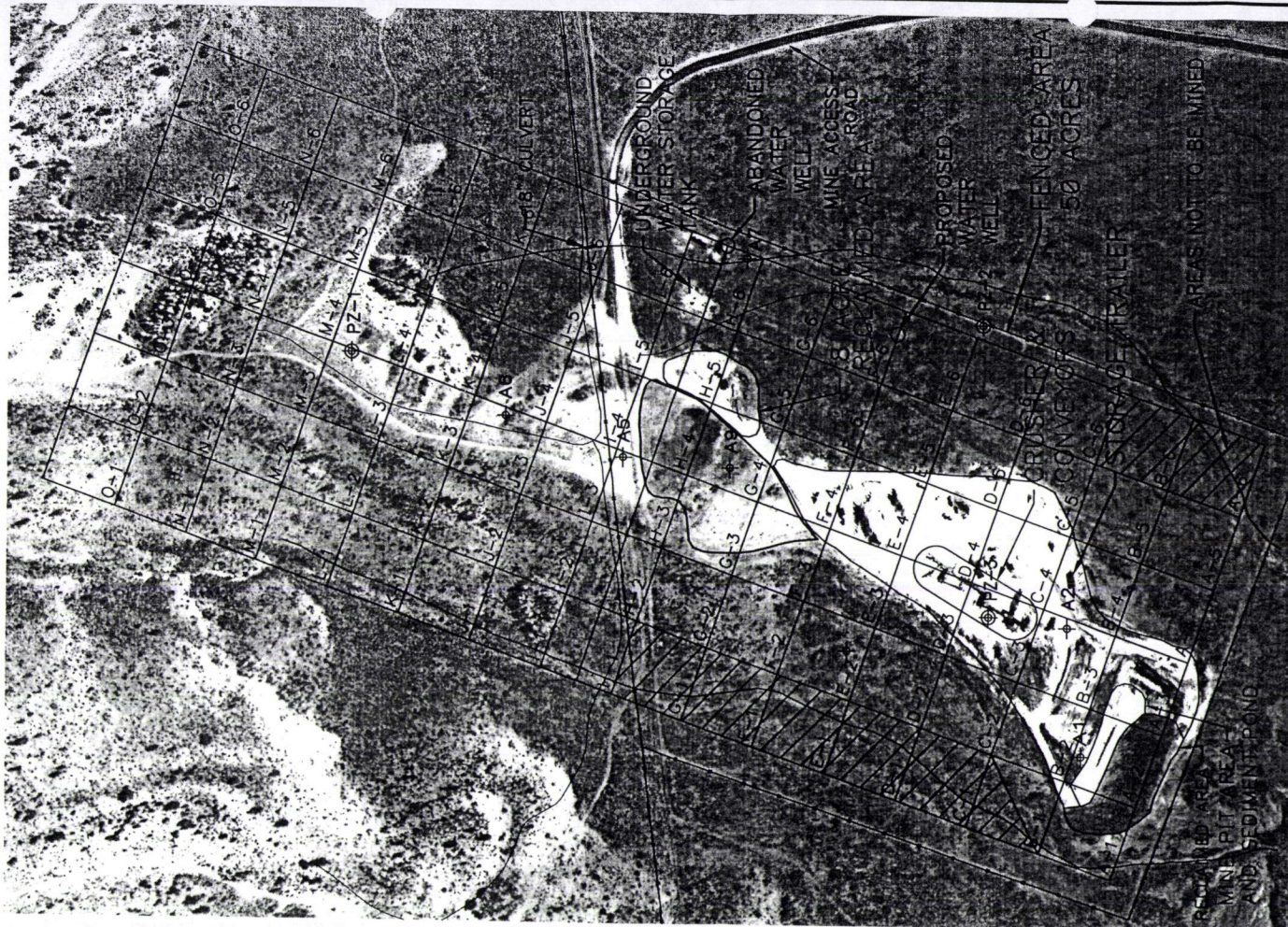
SE 1/4, Section 16, T1S, R22E, SLB&M

SW 1/4, Section 15, T1S, R22E, SLB&M

NE 1/4, Section 21, T1S, R22E, SLB&M

NW 1/4, Section 22, T1S, R22E, SLB&M


4/7/03



PIEZOMETERS
TEST BORE HOLES

RECEIVED
APR 02 2003
DOWNEY GAS & MINING

SCALE: 1" = 300'



TITLE: LIMESTONE MINE MAP SURFACE FACILITIES			
CAD FILE NAME:		LIMESTONE0205.DWG	
DRAFT		W.O. No.	
DRAWN	KBS	3/03	DWG. No.
CHK	BD	3/03	MAP 8
APVD			REV. 2

1	BASED UPON MAP 2, REV 1, DATED 5/02	3/03	WLC	JH	APVD
No.	REVISIONS	DATE	BY	APVD	

PLOT SCALE: 1 = 1

March 21, 2003

**IRREVOCABLE STANDBY LETTER OF CREDIT NO
AMENDMENT**

BENEFICIARY:
STATE OF UTAH
DIVISION OF OIL, GAS AND MINING,
BOARD OF OIL, GAS AND MINING
1594 WEST NORTH TEMPLE, SUITE 1210
BOX 145801
SALT LAKE CITY, UTAH 84114-5801

LETTER OF CREDIT DATE:
November 20, 2001

CURRENT AMOUNT: USD275,000.00

Dear Sir/Madam:

We have been requested by DESERET POWER dba DESERET GENERATION AND TRANSMISSION COOPERATIVE, 10714 SOUTH JORDAN GATEWAY, SUITE 300 SOUTH JORDAN, UT 84095 to amend the above referenced IRREVOCABLE LETTER OF CREDIT issued in your favor, as follows:

This letter of credit is increased by: USD 85,000
The new amount of this letter of credit is: USD 275,000

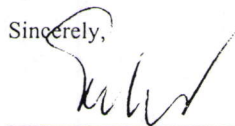
In the event of a drawing all documents must be dispatched in one lot by registered mail or courier services directly to Zions First National Bank, International Operations, 550 South Hope Street, 3rd Floor, Los Angeles, CA 90071.

All other terms and conditions remain the same.

This amendment is an integral part of the captioned letter of credit and must be attached to the said letter in your possession.

If you have any questions concerning this transaction, please call us at (800) 551-0110 Ext.2131, 2130 or 2123.

Sincerely,



Authorized Signature

RECEIVED

MAR 24 2003

DIV. OF OIL, GAS & MINING

ZIONS BANK

Established in 1873

International Operations
250 E. First Street, Ste 500
Los Angeles, California 90012
Phone: (213) 633-5663 / (800) 551-0110
Fax: (213) 628-8489
S.W.I.F.T: ZFNBUS55

Standby Letter of Credit

L/C No.

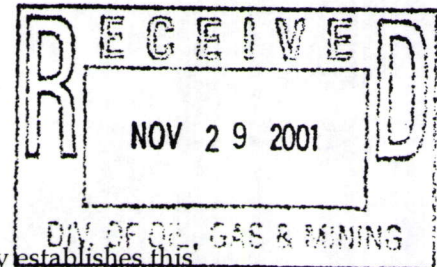
November 20, 2001

IRREVOCABLE LETTER OF CREDIT NO. 1

BENEFICIARY:
STATE OF UTAH
DIVISION OF OIL, GAS AND MINING,
BOARD OF OIL, GAS AND MINING
1594 WEST NORTH TEMPLE, SUITE 1210
BOX 145801
SALT LAKE CITY, UTAH 84114-5801

EXPIRATION:
November 20, 2002 or any automatically extended date
as herein below set forth

AMOUNT: USD190,000.00



Dear Sir/Madam:

1. Zions First National Bank ("Surety"), of Los Angeles, California, hereby establishes this Irrevocable Letter of Credit (the "Letter of Credit") in favor of the Utah Division of Oil, Gas and Mining ("Division") for an aggregate amount not to exceed One Hundred Ninety Thousand US DOLLARS (USD 190,000.00) effective immediately.

2. This Letter of Credit will expire upon the first event set forth as follows: (a) 5:00 o'clock p.m. (Salt Lake City time) on November 20, 2002 or (b) the date upon which sufficient documents are executed by the Division to release Deseret Power dba For Deseret Generation Transmission Cooperative ("Operator") from further liability for reclamation of the Diamond Mountain Resources, (mine) M047/066 (mine permit No.) with notice to Zions First National Bank by the Division accompanied by the original Letter of Credit with directions for cancellation.

3. This Letter of Credit will be automatically extended, without amendment, for successive periods of one year from the current or any future expiration date unless Zions First National Bank gives notice to the Division Ninety (90) days prior to the expiration date that Zions First National Bank elects not to renew the Letter of Credit.

4. Funds under the Letter of Credit are available against the Division's sight draft, in the form of Exhibit A, specifying Letter of Credit No. _____, delivered to the office of Zions First National Bank, International Operations, 250 East First Street, Suite 500, Los Angeles, California 90012. At the Division's sole election, the Division may present sight drafts for less than the Face Amount so long as the aggregate amount of all sight drafts does not exceed the Face Amount. Each draft must be accompanied by a certificate in the form of Exhibit B, signed by a duly authorized representative of the Division.

5. If Zions First National Bank receives the Division's sight draft(s) and certificate(s) as provided in Paragraph No. 4 above on or before the expiration or termination of this Letter of Credit, Zions First National Bank will make such amount as the Division may specify, within the limits of the second sentence of Paragraph No. 4 of this Letter of Credit, available to the Division no later than the close of business, Salt Lake City time, on the second business day following Zions First National Bank's receipt of the sight draft and certificate and in such a manner as the Division may specify.

6. Zions First National Bank will give prompt notice to the Operator and to the Division Director of any notice received or action filed alleging the insolvency or bankruptcy of Zions First National Bank, or alleging any violations of regulatory requirements which could result in suspension or revocation of the Zions First National Bank's charter or license to do business.

7. The Letter of Credit will be governed by the laws of the State of Utah and shall be subject to the Uniform Customs and Practice for Documentary Credit, 1993 revision, International Chamber of

Commerce Publication No. 1 as the same may be amended and in effect from time to time ("UCP"). In the event of conflict between Utah law and the UCP, Utah law shall govern.

8. All communications regarding this Letter of credit will be addressed to Zions First National Bank, International Operations, 250 East First Street, Suite 500, Los Angeles, California 90012., referencing Letter of Credit No. _____

Very Truly yours,

Zions First National Bank

By:  _____

ANNE LANE

(Authorized Signature)

Title: OPERATIONS OFFICER

EXHIBIT B

To
Letter of Credit Number _____

I, _____ a duly authorized representative of the Utah Division of Oil, Gas and Mining, hereby certify that (1) the drawing in the amount of \$ _____, by sight draft accompanying this certificate, under Letter of Credit No. _____ dated _____ issued by you is permitted under the provision of the Letter of credit. (2) the Letter of Credit has neither expired nor terminated pursuant to its terms, (3) the amount of the sight draft, together with any amounts previously drawn under the Letter of Credit, does not exceed the Face Amount, and (4) the Utah Board of Oil, Gas and Mining, after notice and hearing, has entered an Order which has not been stayed, ordering forfeiture of Letter of Credit No. _____ in accordance with applicable law. Proceeds of this drawing will be utilized in full to pay the expenses relating to the reclamation liability, together with the costs of collection, including attorneys fees, for the _____ (Mine), _____ (mine permit #).

The Utah Division of Oil, Gas and Mining

By: _____
Authorized Signature

Date: _____

EXHIBIT A – SIGHT DRAFT

**To
Letter of Credit Number**

Date

City, County

Letter of Credit No.

PAY TO THE ORDER OF: Utah Division of Oil, Gas and Mining

DOLLARS

To: (Name of Bank or Surety)
And
(Address)

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

By: _____
Authorized Signature

RECLAMATION SURETY ESTIMATE Deseret Generation & Transmission Diamond Mountain Mine DOGM file Number M/047/066 Prepared by Utah State Division of Oil, Gas & Mining					
			last revision	01/22/03	
			filename M047-066.XLS		
			Uintah County		
Presently 17.64 acres disturbed at the site, 9.64 acres of active mining the remainder being utilized for storage and access. This permit will ultimately disturb 47.3 acres life of mine. This bond reflects the cost of reclaiming a 9.64 acre borrow area. Utilizing concurrent reclamation, the area of active mining will never exceed 9.64 acres.					
Note: actual unit costs may vary according to site conditions last unit cost update 10/07/02					
-Amount of disturbed area which will receive reclamation treatments =				27.28 acres	
-Estimated total disturbed area for this mine =				27.28 acres	
Activity	Quantity	Units	\$/unit	\$	Note
Debris & equipment removal - trucking	20 trips		55	1100	(3)
Debris & equipment removal - dump fees	10 ton		60	600	(4)
Debris & equipment removal - loading trucks w/FE loader	20 hours		180	3600	(5)
Demolition & debris removal - general labor	80 hours		15	1200	(6)
Ripping stockpile, compacted areas, pit floors & roads	17.64 acre		246	4339	(9)(aa)
Blasting of mine face and pit bottom	19440 tons		1.33	25855	(bb)
Backfilling active pit (waste & reject material)	57707 CY		0.58	33470	(cc)
Regrading slopes (2 ft depth)	9.64 acre		513	4945	(9)(cc)
Subsoil replacement - dozer (12" over 9.64 acres)	15553 CY		0.58	9021	(cc)
Subsoil replacement -truck & FE loader (12" over 9.64 acre	15553 CY		2.65	41215	(cc)
Topsoil replacement - dozer	7777 CY		0.58	4511	(cc)
Topsoil replacement - truck & FE loader	15553 CY		2.65	41215	(dd)
Well Plugging	1 lump sum		2475	2475	(ff)
Sediment Pond Reclamation					
Backfill Pond	5185 CY		2.65	13740	(ff)
Subsoil pond area (12 inches)	389 CY		2.65	1031	(ff)
Topsoil Pond Area (6 inches)	194 CY		2.65	514	(ff)
Broadcast seeding	17.65 acre		240	4236	(00)
Equipment mobilization	5 equip		2000	10000	(00)
Reclamation supervision	30 days		400	12000	(15)
	Subtotal			215069	
10% Contingency				21507	
	Subtotal			236575	
Escalate for 5 years at 2.82% per year				35292	
	Total			271868	
Rounded surety amount in year 2007 \$				271900	
Average cost per disturber acre =				9966	

- (3) Means 2002, 02225-730-5100, bldg demo, rubbish handling, \$0.53/CY permile for >8CY truck; assumed 100 miles round trip
- (4) Means 2002, 02225-740-0100, dump charges, typical urban city, tipping fees only, bldg construction mtls
- (5) Rental Rate Blue Book 3Q/02, Cat 980G, 7CY \$98.00hr+\$38.20/hr, & Means 2002, Crew B-10U, loading trucks only\$43.60
- (6) DOGM assumed wage for unskilled general labor
- (9) Means 2002 & Blue Book 3Q/02: Cat D8R, U, multi shank rippers, speed 1.0 mph
- (00) DOGM general estimate - broadcast seeding
- (00) DOGM general estimate - equipment mobilization
- (15) Means 2002, 01300-700-0180, project manager, minimum \$2,000/wk

Operator furnished quantities.

- (aa) Pit bottom, stockpile/reject pile area & traffic ways would require ripping or blasting prior to placement of sub & top soils
- (bb) Mine face will require blasting to collapse highwalls
- (cc) Because of concurrent reclamation only the active mining area would require backfilling, slope grading & soil application.
- (dd) Soil borrow area requiring topsoil replacement will not exceed 9.64 acres because of concurrent reclamation.
- (ee) Broadcast seeding over active portions of the mine.
- (ff) Operator furnished quantities and unit costs.